



Office of the Washington State Auditor
Pat McCarthy

Fraud Investigation Report
Walla Walla Community College

For the investigation period July 1, 2018 through May 31, 2019

Published December 23, 2019

Report No. 1025029





**Office of the Washington State Auditor
Pat McCarthy**

December 23, 2019

Board of Trustees
Walla Walla Community College
Walla Walla, Washington

Report on Fraud Investigation

Attached is the official report on a misappropriation at the Walla Walla Community College. On July 2, 2019, the College notified the Office of the Washington State Auditor of a potential loss of public funds. This notification was submitted to us under the provisions of state law (RCW 43.09.185).

Our investigation was performed under the authority of state law (RCW 43.09.290) and included procedures we considered necessary under the circumstances.

If you are a member of the media and have questions about this report, please contact Director of Communications Kathleen Cooper at (360) 902-0470. Otherwise, please contact Fraud Investigation Manager Sarah Walker at (509) 454-3621.

Pat McCarthy

State Auditor

Olympia, WA

cc: Davina Fogg, VP of Administrative Services

FRAUD INVESTIGATION REPORT

Background and Investigation Results

On July 2, 2019, the College notified our Office regarding a potential loss of public funds, as required by state law (RCW 43.09.185). A College Rodeo coach misplaced funds that should have been given to students to buy meals on College athletic trips under policy. In addition, the Coach misplaced stall rental revenues for special sporting events at the College. Last, the College found this employee made unsupported and personal purchases using a College-issued credit card.

The College hired an outside investigator, who determined there were possible losses totaling \$6,969 between July 2018 and April 2019.

We reviewed the outside investigation and concluded a payment misappropriation occurred, totaling \$4,995, between July 2018 and May 2019. We also identified \$1,982 in questionable spending during the same period. Altogether, we found the misappropriation and questionable spending totaled \$6,977. Our review of the outside investigation found:

- \$4,987 of misappropriation occurred related to student meal funds. These were advance funds disbursed to the Coach for rodeo events to cover student meal expenses. After attending an event during the 2018-2019 school year, the Coach would remit a travel sheet to the College indicating the advance funds had been given to the students when this did not actually occur.
- A credit card charge for \$8 by the Coach paid for unallowable expenses. We determined this to be misappropriation.
- \$1,982 of questionable spending, including \$1,420 in missing rodeo stall rental revenues and \$562 in unsupported credit card purchases

In May 2019, the outside investigator interviewed the Coach, who explained he experienced personal issues during the 2018-2019 school year and might have used the credit card inadvertently for personal purchases. The Coach acknowledged not paying the advance meal funds to students because he would pay for meals directly.

On August 26, 2019, the Coach signed a restitution agreement to repay the College \$6,969.

Control Weaknesses

Internal controls at the College were not adequate to safeguard public resources. The outside investigation, which we agree with, found the following weaknesses allowed the misappropriation to occur:

- Lack of oversight and monitoring of credit card transactions
- Inadequate processes for handling and monitoring student meal funds
- Lack of oversight of cash receipting for stall rental revenue at special events

Recommendations

We recommend the College strengthen internal controls over credit card charges, student meal funds, and cash receipting of rental revenues to ensure adequate oversight and monitoring to safeguard public resources and to ensure compliance with College policies.

We will refer this case to the Walla Walla County Prosecuting Attorney's Office for any further action it deems necessary.

We also recommend the College seek recovery of the difference between the current approved restitution amount of \$6,969 and the \$6,977 of misappropriation and questionable spending we determined in this report, plus investigation costs of \$3,650 from the Coach and/or its insurance bonding company, as appropriate. Any compromise or settlement of this claim by the College must be approved in writing by the Attorney General and State Auditor as directed by state law (RCW 43.09.330). Assistant Attorney General Matt Kernutt is the contact person for the Attorney General's Office and can be reached at (360) 586-0740 or mattk1@atg.wa.gov. The contact for the Office of the Washington State Auditor is Brandi Pritchard, Assistant Director of Local Audit, who can be reached at (360) 489-4591 or Brandi.Pritchard@sao.wa.gov.

College's Response

Walla Walla Community College thanks the State Auditor's Office for responding to our request for a thorough investigation and agrees with the recommendations to strengthen internal controls as follows:

Procurement card purchases

Employees and supervisors will provide adequate original documentation for procurement card purchases. In the event that a receipt is lost, the card holder is responsible for contacting the vendor to obtain a duplicate receipt.

The accounts payable supervisor will review lost receipt forms and determine if the employee and/or supervisor can obtain a duplicate receipt from the vendor.

Student meal funds

Students receiving a meal allowance will provide their student identification number and sign for cash received.

Group meals will be planned and noted on the travel authorization form. Coaches will place group meals on the College procurement card.

Any cash from unclaimed meal allowances will be returned to Business Services. A copy of the receipt will be placed with the post-trip travel report along with the student signature list, to document the total cost of the meal allowances for that trip.

Receipt of rental revenues

The multi-part numbered receipt booklets will be used to document the external revenues received for the stall and camping fees. The receipt will denote the cash/check composition of the funds received. The College will reconcile the stall and camping fee revenues compared to the vendor invoice.

Recovery of costs and State Auditor's Investigative Fees

The College will comply with the State Auditor's recommendation to recover the additional \$8 for an unallowable expense and the total final cost to the College of the State Auditor's invoice for this investigation.

Auditor's Remarks

We thank College officials and personnel for their assistance and cooperation during the investigation.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

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We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

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